

State CONTRACT AMENDMENT

This procedure should be used to amend timber sale contracts on Department owned land. Both the Timber Sale Contract Amendment Approval, Form 2460-7, and the Timber Sale Contract Amendment, Form 2400-5E, should be routed together. The property code and tract number, along with the contract number, should be indicated on each form. Once approval is obtained on the Timber Sale Contract Amendment Approval, it will be returned to the forester. At this time the forester should obtain the signature of the contractor. A copy of the amendment, Form 2400-5E, should then be routed to the regional data entry and to the Forest Tax Section in Madison.

Amendments should not be approved unless they are to the benefit of the state or in recognition of extraordinary circumstances. The Bureau of Legal Services is available to render assistance or answer questions.

Extensions

Extensions should not extend a sale beyond a total duration of four years. Do not consider a contract extension as a contractor right. Use it with care. Except in justified circumstances, all extensions shall be six months in length. Winter-only sales can be up to a year.

Price Increase

The first extension may be made without stumpage price increase. The initial stumpage price increase will be 5% over bid value and any subsequent extensions will include an additional 10% increase per extension. Increases are to be based on the contract stumpage value schedule. For example, first increase = 1.05 x bid value, second increase = 1.10 x first increase value. This is a cumulative price increase. For lump sum sales, total bid value will be used to calculate extension penalties. For example, first increase = 1.05 x total bid value, second increase = 1.10 x first increase value.

Under some circumstances the contract completion date may be delayed without an increase in stumpage prices. However, the delay must be in the interest of the Department, or of benefit to the resource. An example would be if the purchaser agreed to shift his logging operations to another sale involving salvage of fire or wind damaged timber. The person proposing such an amendment should verify that the purchaser does actually shift operations to a damaged area.

Other valid reasons for extending the contract completion date are bad weather, such as deep snow, very wet conditions, or flooding.

Extensions must not be treated lightly. Make sure all provisions and details are spelled out. A breach of an extension is a breach of the contract and must be handled in the manner designated in Chapter 74. A sample of the wording to be used on Form 2400-5E for a contract extension is as follows:

"This contract is extended by and between the Department and Purchaser, pursuant to Condition 3, to apply in full force and subject to the same conditions until _____, which shall constitute a _____ months extension.

"Purchaser agrees to pay stumpage prices increased __% in accordance with Condition 2."

A statement of justification should be included on the contract extension/amendment proposal.

Volume/Value Modification

The contract volume and value may be modified if fire or wind should damage timber before it is removed from the premises. Fire or wind damaged timber on the sale area or on adjacent areas may be added to the sale volume and value regardless of the value involved.

Volume other than that damaged by fire or wind may be added through negotiation either from the sale area or from adjacent area if the appraised value is less than \$3000, the legal limit requiring advertising.

Timber Sale Handbook

Amendment Procedure

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| Forester | 1. | Prepares original and file copies of Forms 2400-5E and 2460-7. Forwards originals to the designated supervisor/property superintendent. |
| Designated Supervisor/
Property Superintendent | 2. | Reviews, approves or disapproves. Forwards to regional data entry. |
| Data Entry | 3. | Enters data into computer. Returns forms to forester/property superintendent. Retains copy for files. |
| Forester | 4. | Files approved Form 2460-7. Obtains contractor signature on Form 2400-5E and provides him with a copy. Sends copy to data entry and to the Forest Tax Section. |
| Data Entry | 5. | Files amendment with copy of contract. |